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PENSION NEWS



Ontario Teachers' Pension Plan Board
Conseil du régime de retraite des enseignantes et des enseignants









Issue 6
Summer 1992

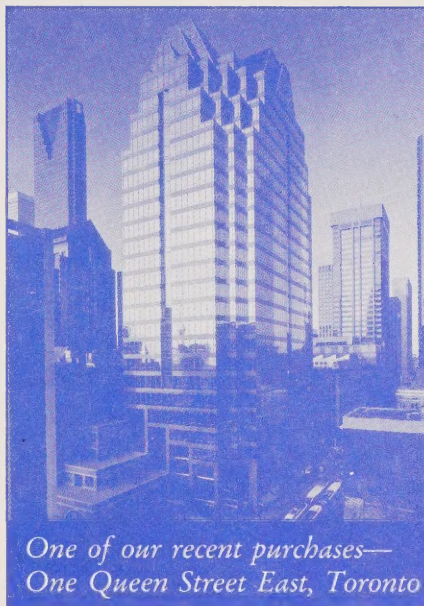
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Diversifying Our Investments

As we continue to diversify our portfolio, we would like to keep you up-to-date on some of the purchases we've made since the last issue of *Pension News* was released.

We now own a large portion of the following companies and properties.

-  **White Rose Nurseries—**
Ontario's leading retail lawn, garden and craft centres.
-  **Innocan—**a diversified holding company with interests in manufacturing, distribution and real estate.
-  **Commcorp Financial Services—**a national equipment financing and leasing company.
-  **Inter-City Products Corporation—**an international company and North America's fourth largest manufacturer of heating and cooling equipment.
-  **D M R Group Inc.—**a company which provides information management and technology services throughout the world.
-  **Marathon Realty, Vancouver—**a 50% interest in three office buildings and one development site owned by Marathon and located along Vancouver's downtown waterfront.
-  **One Queen Street East, Toronto—**a 50% interest in Bramalea Ltd.'s 27-storey office tower in downtown Toronto.
-  **20 Richmond Street East, Toronto—**a 50% interest in a smaller, century-old office building also owned by Bramalea Ltd.



One of our recent purchases—
One Queen Street East, Toronto

"How can you invest in shopping malls when we're in a recession?"






This is just one of the many questions we've received since we began investing in the open market. We want to assure you that all of our purchases, whether they are in real estate or stocks, are made only after we have thoroughly investigated our options.

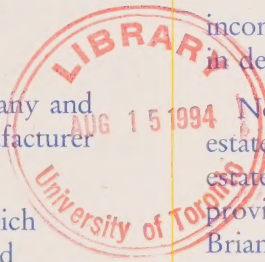
When investigating real estate opportunities, there are several factors we consider. First of all, the property's overall rate of return is important. In addition, we will only consider properties which have very high occupancy rates, thereby providing us with steady rental

income. The property's location is also a key factor in determining its value.

Now is a good time for us to be investing in real estate because it is a buyer's market. "Buying real estate in weak periods of the economic cycle will provide for exceptional value in the long run," said Brian Muzyk, our Vice President for real estate.

What's Inside...

-  Highlights of survey and focus group research, pages 4 and 5
-  Summary of investments, page 6
-  The importance of power of attorney, pages 2 and 3
-  New form for teaching after retirement, page 6
-  Ontario's investment fund, page 7



Have You Signed A Power Of Attorney?

Are you one of the 63% of pensioners who has yet to sign a power of attorney?

According to our recent survey, only 35% of you have made this appointment (2% didn't answer the question). If you are one of the 63%, it is very important for you to appoint an attorney while you are still capable.

When referring to "attorney" in the following questions and answers, we are referring to the person you have appointed to act on your behalf, not your actual lawyer.

What is a power of attorney?

A power of attorney is a written authority given by you to another person to act on your behalf when you cannot. In other words, you can appoint someone you trust as your attorney—you can authorize this person to sign documents and make decisions on your behalf if you are unable to do so yourself because you are ill or travelling. A power of attorney may be general or restricted depending on your needs.



Why should I appoint a power of attorney?

Having someone you trust who can sign documents for you may be a simple convenience for you now. But as you get older, the risk that you will lose your capacity to manage your affairs increases. In addition, if you become incapable of handling your affairs due to an accident or illness, your attorney can act for you.

If you haven't signed a power of attorney, one of the following may happen: your family may have to ask a judge to authorize them to act on your behalf or the Public Trustee may have to manage your affairs. These alternatives are all much more expensive than appointing a power of attorney yourself now.

In addition, by appointing a power of attorney now, you can help us save administrative costs later. Much more correspondence and paperwork is necessary if you haven't appointed a power of attorney and we don't have a copy on file.

Who can I appoint as my power of attorney?

Anyone can act as your attorney. However, the key is to appoint someone you trust—it may be a relative or a close friend. It is common for husbands and wives to complete general powers of attorney in favour of one another in the event that one or the other has an accident, becomes ill or loses the capacity to manage their affairs.

What's the difference between having a Will and having a power of attorney?

The two are very different. An appointed attorney acts on your behalf *while you are alive* and are unable to act for yourself. The executor of your

Will has no power to act for you while you are alive. When you die, the power of attorney is no longer valid, your Will takes effect and your executor acts for your estate.

What are the duties of the attorney?

It is your power of attorney's duty to act in your best interest at all times—they are not to

make any decisions for personal gain. If there is a medical emergency, your attorney can't make decisions in regard to your medical treatment.

Are there different kinds of power of attorney?

There are two common forms of power of attorney: bank and general. Many of you may have already signed a power of attorney at your bank or financial institution. However, this power will only relate to your business at that bank. Please consider having a general power of attorney in addition to the power of attorney at your bank.

Can I change my power of attorney?

You may revoke or change your power of attorney at any time as long as you are still capable. We suggest you give written notice to the attorney that they are no longer acting on your behalf. In addition, please notify us if you make a change.

How do I complete a power of attorney?

We suggest you discuss the power of attorney option with your lawyer before you appoint

someone to act on your behalf. When you are ready to make the appointment, you can obtain a power of attorney form from your lawyer. Standard forms are also available at most office supply/stationery stores. Please give the completed form to your lawyer.

Does the pension board need a copy?

Yes. Please send us a copy of your signed power of attorney and inform us of any changes. We will keep your file up-to-date in the event we have to deal with you and your attorney in the future.

Changes proposed

The Government of Ontario is proposing to change the laws relating to power of attorney and may make them more complicated and restrictive.

Under the proposed new law, existing powers of attorney documents will stand and there will be an additional six-month grace period between the day the law passes and the day it takes effect. Since we expect the legislation to pass within the next year, we suggest you discuss power of attorney with your lawyer as soon as possible.

The Cost Of Information

When we send new communications to members, we often receive questions about their cost.

Our goal is to produce effective, attractive communications at the lowest cost possible. By being cost-conscious, we do our best to give you good value for your dollar.

It costs less than \$7 per member (teachers and pensioners) per year to produce all of our communications, including brochures, newsletters, forms and annual reports. This cost includes postage, overhead, salaries and all other related expenses.

One of the main reasons our production costs are low is because we produce very large quantities. In addition, we use recycled paper for all of our communications.

It's important for members to be informed of their options and changes to the plan—we hope you agree \$7 per year is a good investment for this information.

Medical Deductions



There are two organizations which offer extended medical coverage specifically for retired teachers: the Superannuated Teachers of Ontario (STO), through Johnson Insurance Ltd., and the Ontario Teachers Insurance Plan (OTIP).

Until recently, only those of you covered by STO could have your premiums deducted directly from your pension payments. As of May 1, 1992, OTIP participants can also choose this method of payment. If you belong to OTIP, you should have received information detailing this new payment option. If you would like more information, please contact the OTIP office at the number listed below.

Both organizations provide you with premium information—if you have additional questions, please contact them directly. Please note that STO now has a toll-free telephone number which may be accessed anywhere in Canada.

STO	Toll-free	1-800-361-9888
	Toronto	(416) 962-9463
Johnson Insurance Ltd.	Toll-free	1-800-461-4597
	Toronto	(416) 764-4884
OTIP	Toll-free	1-800-265-6107
	Waterloo	(519) 884-1390

Editor's Note:

Each year around this time, we publish the annual premium increases for STO coverage. Due to the complexity of both plans, we have not included premium information in this issue.

In our recent survey, we received many comments about medical coverage. Many of the comments asked us to improve the premiums, benefits, service, etc. We want to clarify that our only connection with medical coverage is to deduct the premiums from your pension. STO or OTIP tell us which of you are receiving their coverage and how much to deduct from your pension. If you have concerns or complaints about medical coverage, please contact STO or OTIP directly.

How Do You Think We're Doing?

We asked, you told us

Providing all members with the best service possible is our number-one priority. To achieve our goal, we are constantly investigating ways to improve our service and communications.

Since the beginning of last year, we've been conducting market research to find out what members think of our service and to help us establish service standards. We want to provide you with the service you want and will use the results of our research as a basis for our service standards.

"From my point of view, the pension board is a high-class organization. I have always received excellent treatment and service."

Our research began last year with teachers. In March 1991, we randomly distributed approximately 10,000 surveys to teachers. Over the next few months, we conducted focus groups across Ontario. A report was prepared detailing the results of the survey and findings from the focus groups with teachers. This report featured a number of recommendations for improvement, some of which have already been implemented.

Later in the year, we focused on our service and communications to you. In December 1991, we randomly sent approximately 2,000 of you a copy of our "Service and Communications Survey" with the fall 1991 issue of *Pension News*.

The key findings of the survey were quite positive and representative of geographical area, age and sex. The "Key Findings" chart compares some of the findings from our research with you to the findings from our research with teachers.

Highlights of findings

- 63% have not signed a power of attorney
- 80% read *Pension News* and escalation statement thoroughly
- 75% rated health very good to excellent since retirement (average score was 4.1!)
- 61% retired before age 60

Much of your unsolicited feedback focused on survivor pensions, telephone systems and *Pension News*.

Faster survivor pensions

Many of you completing the survey expressed dissatisfaction with the "gap" between payment of pensions at the time of death. This topic was also the most emotionally-charged one during the focus groups. Understandably, you find it very frustrating to have to wait between the time the retirement pension stops and the survivor pension begins.

Good news—we have already implemented changes in this area! As of August 1, 1992, there will be no gap in payment to your eligible survivor. You can now be assured that when you die, your survivor will receive a pension immediately. We will estimate an amount for the survivor pension when we are notified of death and send this amount to your survivor. Once the necessary paperwork is completed, the correct amount of the survivor pension will be calculated and sent to your survivor, along with any retroactive payments.

Real people, please

Another source of frustration is our telephone system. First of all, for those who have access to TouchTone telephones, Phone-A-Memo rated the lowest out of all the services we offer. Getting lost in the system and not being able to access a real person were the primary complaints. In addition, many of you are frustrated when you call a client service representative and get a recorded message

Key Findings (Scale 1 to 5)

	Pensioners	Teachers
Understanding our role	3.4	2.7
Rating of our communications	4.2	3.8
Rating of our overall quality of service	4.4	3.5

Results Of Our Market Research

(phonemail). In both cases, you've told us you prefer to talk to real people, not listen to recordings.

We are investigating ways to improve our telephone system. For Phone-A-Memo, we plan to introduce an option allowing you to automatically transfer to our switchboard, during regular business hours, at any point during your call.

"It is entirely changed from a chatty little newsletter to a very business-like, informative corporate report. I not only read it at once, but enjoy it!"

Pension News

Our newsletter was rated very highly and received a variety of positive, unsolicited feedback. We received some interesting suggestions for articles and have already used some of them in this issue.

However, even though our communications rated very highly, there is always room for improvement. For *Pension News*, we will continue to include your suggestions and solicit feedback from you—we want to provide you with the information you want to read. Thanks for all of your suggestions!

Continuing to improve

We want to thank all of you who sent us a completed survey and participated in the various focus groups. For the next few months, we will concentrate on improving the areas where you expressed dissatisfaction. In the future, we plan to follow up on this research by continuing to solicit your feedback.

As we are always looking for ways to improve the quality of our service and communications, market research plays a very important role in our relationship with all of our members.

"Since retirement I have seen an improvement in service from the apparent uncaring of staff members to a more caring and more productive staff."



Congratulations

To thank pensioners for taking the time to complete the survey or participate in a focus group, we offered them a chance to win a dinner for two. We had two groups of winners—one for pensioners who returned a completed survey and one for pensioners who participated in the focus groups.

Survey Winners

Charles Johnson, North Bay
Walter Brown, Smiths Falls
Cliff Noad, Feversham
John Eedy, Toronto
Edna Greenfield, Meaford








Focus Group Winners

Anne Locatelli, Peterborough
Jeanne Piche, Chatham
Dennis Fiedler, Toronto
Ken Sutton, North Bay

Congratulations to the winners and thanks again to all participants!

Thanks for the advice!

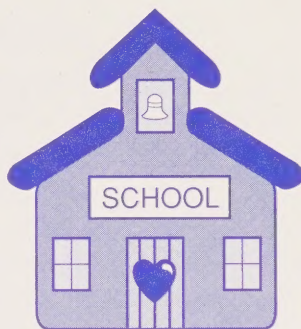
Thanks for your valuable advice on planning for retirement. We'll be sure to pass on your ideas to those still teaching. Here are just a few of your suggestions:

-  Save lots of money.
-  Have your house paid for by retirement.
-  Develop friendships and other interests.
-  Stay fit—mentally and physically.
-  Be aware of options, dates and deadlines.
-  Read, educate and prepare yourself on financial matters and act on information you are given.
-  Learn to laugh!

Teaching After Retirement?

New notification procedure

We now have a form for you to complete if you're going to teach in the upcoming school year. This form will help us keep track of the number of days you teach and will help you plan.



Please complete the teaching after retirement form on the first day you return to teaching—estimate the number of days, fill out the applicable sections and return it to us. Please complete one of these forms each year, even if you return to teaching only for one day.

Remember—you are still responsible for keeping track of the number of days you teach in each school year, and it is still very important for you to contact us as soon as you exceed the 95-day or 20-day limit.

New brochure

The revised brochure looks the same on the outside but contains updated information such as telephone numbers and the new notification procedure described above.

If you would like a copy of the revised brochure and the new form, you can obtain one by either calling our office or leaving a message on Phone-A-Memo. When prompted, please say you would like a teaching after retirement brochure and clearly state your name and address.

Faculties of Education and CAATs

If you didn't retire from a Faculty of Education or College of Applied Arts and Technology (CAAT) and decide to teach at any one of them, the rules for teaching after retirement won't apply. If you did retire from a Faculty of Education or CAAT, you must wait one full school year before returning to a similar organization or the rules will apply.

Reminder

Have you done any teaching in *each* of the last three school years? If you taught any number of days in the last three school years, you will only be able to teach for 20 days in the upcoming school year (1992/93) and thereafter without affecting your pension.

Legislation introduced in 1989 allows you to teach for up to 95 days for three school years without affecting your pension. Please remember to keep track of the number of days you teach—it could affect your pension if you exceed either of the limits.

Reminder For Disabled

Are you presently receiving a disability pension? If you are, please remember the following.

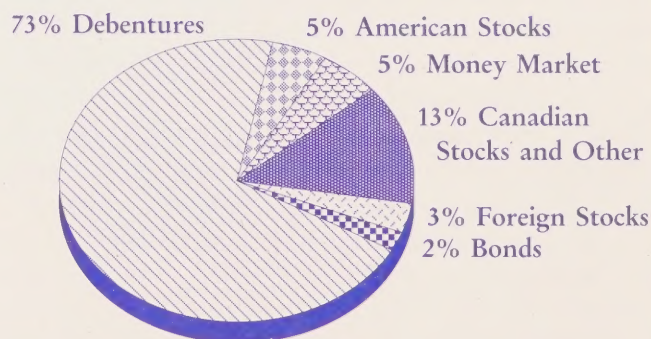
To continue receiving a *full disability pension*, you can't go back to work in any occupation. To continue receiving a *partial disability pension*, you may return to work, but not as a teacher.

If you are unsure of these restrictions and have any questions, please contact your client service representative.

Summary Of Investments

(to March 31, 1992)

Market Value = \$24 B



You Asked Us

Q. *Will the government use our pension money to invest in struggling Ontario companies?*

A. Recently, there have been articles in the news about Ontario's proposed investment fund. The details of the government's proposal for a provincial investment fund are still being discussed. The government has proposed that each of Ontario's five major public pension plans *voluntarily* contribute five per cent of their annual cash flow to the central fund, which in turn would inject cash into certain companies in Ontario.

We are concerned about the proposal because it would seem to violate our fiduciary responsibility. Our mandate is to get the best possible returns on our investments, at the lowest possible risk.

The laws that govern all pension plans require us to make investment decisions based on financial criteria alone. Using these criteria, we have already begun to invest in companies in Ontario. Over the next 10 years, through the normal course of business, our investments in Ontario will likely total billions of dollars.

We have a single goal—to ensure there is enough money in the plan to pay teachers' pensions. Prudent investment is crucial, as approximately 70% of the money to pay pensions comes from investments, and only 30% from teachers' and government contributions.

Whenever we decide whether to allocate assets to a particular investment fund, we look carefully at who will manage the fund, what their track record is, and what their investment policy will be. We will use similar criteria when deciding whether to invest in the proposed investment fund, assuming that participation will be voluntary.

When we get more details, we'll let you know.

Do you have a question you'd like to ask us? If you do, please write it down and send it to us at the address listed on the back of this newsletter.



Tell Us About It!



We're introducing a new column and need your help.

Are you doing something different and exciting in your retirement and think others would be

interested in reading about it? For example, have you travelled or moved to a far away, exotic place, do interesting and worthwhile volunteer work? If you have a story or experience you'd like to share, please tell us about it. We'll review all of your letters and select the most interesting stories to tell you about in future issues of *Pension News*.

Don't be shy, tell us about it. Help us make this your newsletter!

Spousal RRSPs Until 1994

Some of you have already taken advantage of transferring up to \$6,000 of your pension into your spouse's RRSP account. We announced this option in the fall 1991 issue of *Pension News*.

Just a reminder—this option is available until 1994. Why only until 1994? Revenue Canada introduced new RRSP limits in the *Income Tax Act* in 1989. In this act, Revenue Canada allows the spousal RRSP transfer only until 1994.

Moving?

Have you moved or are planning to in the future?

When notifying others of your move, don't forget to tell us your new address too. You can call our office and leave a message on Phone-A-Memo.



Understanding Our Role In The Plan

We've already told you about some of the findings from our recent market research (see pages 4 and 5). In addition to these findings, the survey revealed that some of you are confused about what we do. When asked to identify our role, some of you said we are either a lobby group or medical insurance administrator.

With the Ontario Teachers' Federation and Ministry of Education now acting as equal sponsors for the Teachers' Pension Plan, it is important to clear up any confusion about how the plan is managed.

To help you better understand the new structure, the accompanying chart outlines each group's composition and responsibilities.

Who	Composition	Responsibilities
Partners	Ontario Teachers' Federation (OTF) Ministry of Education	<ul style="list-style-type: none"> develop new policy and make changes to the plan and partnership agreement determine the contribution rate and funding levels appoint the Board of Directors
Board of Directors	Four appointed by OTF Four appointed by Ministry One neutral Chairperson	<ul style="list-style-type: none"> set administrative and investment policy fiduciary—act in best interest of members
Pension Board	Chief Executive Officer 250 staff	<ul style="list-style-type: none"> administer plan invest contributions pay pensions

Where do you fit in?

You are represented in the plan through OTF. If you are concerned about certain aspects or provisions of the plan, we encourage you to contact your federation representatives directly.

As you can see in the chart, we administer the plan the way it is written—only the partners can make changes to the plan.

Did You Know?

- ☞ There are close to 800 people over the age of 90 on pension.
- ☞ Approximately 30 people have been receiving a pension from the plan for more than 40 years. There are two people who have been on pension for more than 50 years!
- ☞ 1,930 teachers retired last year at the average age of 58.
- ☞ The average age of all pensioners is 69.

Pension News

Linda Keon, Editor

Pension News is published by the Communications Department of the Ontario Teachers' Pension Plan Board for pensioners. If you have any comments or ideas, write to me at:

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Si vous désirez recevoir la version française, veuillez nous écrire ou laissez un message à notre service de consultation téléphonique.